

ASX / Media Release

12 September 2013

Ingenia accelerates Manufactured Home Estate strategy with acquisitions and Non-Renounceable Rights Issue

Highlights

- Ingenia to capitalise on first mover advantage in attractive and tightly held MHE market
- Conditional acquisition of 182 site Drifters Holiday Village, Kingscliff – immediately accretive, forecast unlevered IRR >15%
- Assessment of additional seven assets in NSW currently well progressed - cash yields ~10%, forecast unlevered IRR > 15%
- Fully underwritten Non-Renounceable Rights issue to raise \$61.7 million – proceeds to be deployed on MHE portfolio expansion

Ingenia Communities (ASX: INA) today announced a fully underwritten 1 for 3 Non-Renounceable Rights Issue (the Rights Issue), at an issue price of \$0.365 to raise \$61.7 million to fund further growth of the Group's Manufactured Home Estates (MHE) Portfolio. The Group also announced the acquisition of Ingenia's first MHE asset in the Tweed Coast cluster and the proposed acquisition of a further seven assets in identified market clusters in NSW. The eight villages have a proposed cost of \$93.3 million (including transaction costs).

The proceeds of the Rights Issue are anticipated to be deployed in the short term, as Ingenia plans to capitalise on the strength of its identified pipeline of MHE acquisitions to build scale in the Group's MHE portfolio and increase the Group's exposure to cash income producing seniors living communities.

Ingenia Chief Executive Officer Simon Owen said: "We are beginning to see the benefit of the business transition that has taken place over the past year with the Group now clearly focused on the cash yielding segment of the Australian seniors living market."

"A key element of this transition has been our move into the MHE sector, which has been strongly supported by investors and is expected to become a key driver of earnings and cashflow growth."

“With successful initial acquisitions, strong investor support and a unique research-driven pipeline which puts us ahead of our competitors, it makes sense to capitalise on our first mover advantage to accelerate this strategy. The Rights Issue and proposed acquisitions rapidly expand our MHE portfolio to secure the attractive investment returns currently available in the market. By capitalising on these opportunities we will consolidate our leadership in the MHE market and also achieve our target for development, securing future organic growth.”

Acquisition of Drifters Holiday Village, Kingscliff

Ingenia has entered into a conditional contract (subject to due diligence) to acquire Drifters Holiday Village, Kingscliff. This is Ingenia’s first MHE asset in the attractive Tweed Coast cluster.

The Village is located in an identified growth corridor and is approximately 100 kilometres from Brisbane in an area with a large and growing over 50s population.

Drifters Holiday Village currently consists of 114 permanent homes and 68 tourism sites and has the potential to be upgraded and repositioned to improve returns.

With an initial yield of 10% and a forecast unlevered IRR >15%, returns are in line with investment targets and the acquisition will be immediately earnings accretive. Potential to develop a further 24 sites on existing land provides an opportunity to enhance returns through development.

Acquisition of a further seven MHE assets

In addition to Drifters Holiday Village, Ingenia is in active negotiation on a pipeline of additional opportunities. The Group expects to announce a further seven acquisitions with a combined value of \$82 million (including transaction costs) in the short term.

These villages are located in the identified clusters of Hunter/Newcastle, Sydney Basin, Tweed Coast and South West NSW. The villages range in size from approximately 100 to 440 homes/sites and have the potential to expand the Group’s MHE Portfolio to over 2,500 homes/sites.

These opportunities have been identified through an off-market acquisition process and are consistent with the strategy to increase the Group’s exposure to manufactured home estates.

	Homes	Tourism sites	Development upside sites	Total homes/sites
Current Portfolio¹	541	321	334	1,196
New MHE's (indicative)²	670	156	645	1,471
Total	1,211	477	979	2,667

¹ Includes acquisitions announced plus soon to be announced acquisition to be funded by the June 2013 placement.

² Includes Drifters Holiday Village, Kingscliff.

Each of the villages provides an attractive return in line with Ingenia's minimum investment criteria of unlevered IRR >15%. Stabilised yields averaging over 10% and upside through development and repositioning are consistent with Ingenia's strategy to increase cash yielding assets and extend the pipeline of organic growth opportunities across the Group.

With the integration of newly acquired villages progressing well, these assets provide the ability to further utilise Ingenia's operational management capability, take advantage of the Group's growing expertise in the MHE market and continue to secure future development.

Mr Owen said: "Our first acquisitions are performing to plan and we are already seeing the benefit of strategies to enhance returns from these high yielding assets."

"Combined with our existing portfolio, these acquisitions rapidly deliver a portfolio of significant scale and expand our MHE development opportunities. These developments are capital light, low-risk and highly accretive and over time will become a key contributor to investor returns."

Equity raising

Ingenia today announced a fully underwritten 1 for 3 Non-Renounceable Rights Issue to raise \$61.7 million to partially fund these acquisitions. The new securities will be issued at \$0.365 per security, a discount of 12.0% to the last traded price of \$0.415 on Tuesday 10 September 2013 and a discount of 9.3% to the Theoretical Ex-Rights Price of \$0.403.

Offer documents in relation to the Rights Issue are anticipated to be dispatched to eligible securityholders on 23 September, with new securities anticipated to trade on 9 October (on a deferred settlement basis). New securities will rank equally with existing securities and will be entitled to fully participate in any proposed distribution for the period ending 31 December 2013.

In addition to being able to apply for new securities under the Rights Issue, eligible securityholders will also have the opportunity to apply for additional new securities in excess of their rights entitlement. The allocation of any additional securities will be entirely at the discretion of the Ingenia Board and the Underwriters.

Rights Issue Timetable¹
Date

Management presentation lodged with ASX	11 September 2013
Submit Appendix 3B, cleansing notice and announcement with ASX	12 September 2013
Ex Date	16 September 2013
Record Date (7.00pm AEST)	20 September 2013
Dispatch of Offer Booklet and Entitlement and Acceptance Forms	23 September 2013
Offer opens	23 September 2013
Offer closes, last day for acceptance of application money (5.00 pm AEST)	8 October 2013
Allotment and issue of Offer Securities	16 October 2013
Dispatch of Securityholder statements	17 October 2013
Trading expected to commence for Offer Securities on a normal trading basis	17 October 2013

¹ All dates are indicative and are subject to change without notice.

Ingenia has appointed RBS Morgans Corporate Limited and Petra Capital Pty Limited as Joint Lead Managers and Underwriters to conduct the Rights Issue.

Ingenia is also in advanced discussions with its Australian bank for a significant increase in its debt facility to provide additional funding capacity.

Following completion of the Rights Issue and deployment of the capital raised on acquisitions, Ingenia's LVR (on a pro forma basis) will be 34.9% and the Group will retain funding capacity under proposed facilities. Combined with operational cashflows, conversion sale proceeds and potential asset divestments in the medium term, Ingenia retains capacity to grow the portfolio incrementally and further progress the development pipeline.

Mr Owen said: "We have already established a \$38 million portfolio of six MHEs. This Rights Issue will allow us to accelerate our Manufactured Home Estates strategy as we consolidate our leading position in this market.

Further details on the proposed acquisitions and Rights Issue can be found in the presentation lodged with the Australian Securities Exchange on 11 September 2013.

For further information please contact:

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About Ingenia Communities Group

Ingenia Communities Group (ASX Code: INA) previously known as the ING Real Estate Community Living Group, is a stapled property group comprising Ingenia Communities Holdings Limited (ACN 154 444 925), Ingenia Communities Fund (ASRN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410). The Responsible Entity for each scheme is Ingenia Communities RE Limited (ACN 154 464 990) (AFSL415862).

Ingenia Communities Group is a leading operator, owner and developer of a diversified portfolio of seniors housing communities. Ingenia has 44 assets in Australia, comprising over 3,200 units.